Sell-Side Analyst Meeting, November 28th, 2018, London

Speaker Key:

PB Pierre Benaich

XU Xavier Urbain

MS Michel Sirat

NS Nicolas Sartini

SC Serge Corbel

QA Question Askers

00:00:28

PB Good morning, ladies and gentlemen. Welcome to the CEVA Analyst presentation. Thank for being with us this morning. I would like to introduce you to our speakers today. On the CEVA side, Xavier Urbain, CEO, Serge Corbel, our new CFO. And on the CMA CGM side, we've got Michel Sirat, group CFO. We've got Nicolas Sartini, CEO of APL, and our upcoming COO and deputy CEO at CEVA shortly. We've also got David Parlongue who's VP for Strategy for CMA CGM, and Isabelle Thizv who's in charge of investor relations and treasury for CMA CGM. I'm Pierre Benaich, SVP Investor Relations for CEVA.

Thank you very much. We'll have a presentation, and of course, we'll allow quite a bit of time for Q&A after the presentation. Just so you know, the presentation will be recorded, and the transcript will be posted online. Thank you very much.

XU Thank you, Pierre. First of all, why are we here today? As you know, we met almost eight months ago for the IPO. With the first day of trading the 4th May 2018. And we welcomed our anchor investor CMA CGM, owning 24.99%.

And a few months later, CMA CGM decided to raise its stake, to the current level of 33%, in order to reinforce its partnership with CEVA Logistics. So, it's the reason why CMA CGM decided to launch a PTO (Public Tender Offer), at 30 Swiss Francs, and Michel Sirat will come back to this at the end of the presentation.

We are building a new story. It's a continuity of the past, but it will be somehow be a new chapter for the company. This new chapter is based on three main topics.

Slide 3

The first one is to accelerate the transformation of CEVA Logistics. As you know as mentioned during the IPO, 50% of the job has been done, but we still had 50% left to be done. The partnership with CMA will help us accelerate significantly the transformation that we started.

The second point is to integrate CMA CGM Logistics, the CMA CGM freight forwarding activity within CEVA. It represents $630 million annual revenue, and an EBITDA close to $16 million.

I will come back to this later on in the presentation.

The third point, is to leverage the different platforms that CMA CGM put in place many years ago, starting with shared service centres and investment in digitisation. This will help us standardise more and automate quicker than expected some key processes within CEVA for air, ocean, ground transport, and in some part of Contract logistics.

Combining these three key levers will deliver a quicker transformation, which in turn will deliver more robust returns. Michel.

MS

Slide 4 On CMA CGM quickly, because I'm not sure you all know much about CMA CGM. We are the fourth largest container shipping company. We have over 21 billion in revenue. And we have a track record of being the most profitable player in the industry, by and large. We are generally more profitable by a difference of 4% to 6% of EBITDA margin. That's the first factor.

The second one is geographical scope. We are in most countries, including directly in 160 countries, not through agents. We also have a very strong commercial network. And as we'll discuss it later, we believe this should help CEVA develop its commercial presence all over the world tremendously.

The third aspect is convergence. We really believe that, in part, for technological reasons and digitisation, we will increasingly see requests from our customers for a more integrated offer between an asset provider, like us, and a service provider, like CEVA. And we have already engaged with customers about this, and really believe that's the right way forward.

Lastly, there has been a number of discussions, obviously, since last April with CEVA and in the field, between commercial teams. And we see a lot of traction there, and a good cultural fit, which is very important for such a transaction.

NS

Slide 5 Maybe to add on: CMA CGM also has a good track record of value- creating cooperation and partnerships. Maybe two that I can mention. One is working with Walmart. CMA CGM has been working with Walmart for over 15 years, creating value on both sides. That's for customers and with partners, we've created the strongest shipping alliance, together with Cosco.

We also have the experience of turning around a company; APL may be a good example. The company, when it was acquired by CMA CGM, had been losing money for six consecutive years. Serge and myself came on board, with a very clear plan, to deliver synergies. It was executed in a CMA way, very quickly.

And we were able to turn around the company. The company is now profitable, and we believe that there are some good analogies with what we are finding at CEVA today.

XU

Slide 6 This slide was presented at the IPO: we had a first phase to rebuild the company's foundations, and changing a lot of managers.

The second phase was the focus on the Excellence Programme, i.e. cost savings, standardisation, automation.

The third phase was the IPO itself and now we are getting to a new one, which is the partnership that we wish to develop with CMA CGM. Through this partnership, CEVA will stay a standalone and an independent company.

However, if we consider the customer base from CMA and the customer base from CEVA, there is very little overlap and we'll be able to propose a full range of services to key customers, such as Walmart, for example, in a global way as contract logistics provider, ocean carrier, freight forwarder, and in plenty of other areas that we will disclose later.

So, definitely, we are opening a new chapter, not just for CEVA, but also for CMA, in some parts. And we're opening a new chapter on the way we can sell end to end supply chain solutions. And this should make us relatively unique in our industry.

Slide 7

Where do these figures come from? CMA CGM decided to appoint a strategic consultancy firm and figured out what this new business plan could be. And CEVA Logistics, on our side, also appointed a consultancy strategic firm to do the same exercise.Of course, at the end, we reconciled both sets of figures, plus the different input from the two companies. We then reached, converging figures although we may find some moving parts, but at the end, it's where we landed.

So, we no longer expect to only achieve the IPO target of $380 million on a medium term basis, so 280 plus 100=380, but our new target is to move from 280, as we disclosed before, to $470 to $490 million. This means, more or less, $100 million incremental versus the IPO plan.

The second point is (and you can refer to the pie chart here): contract logistics has been the most important business line in CEVA, 54%. So, in the coming years, the relative share of contract logistics in total revenues will decrease whilst Contract logistics will keep growing. But in parallel, we'll definitely improve our footprint in ocean freight. As we've explained many times, we do have a good position in air, a good set up in contract logistics and in ground, in some parts of the world, starting with the US. However, Ocean has been so far a weaker business line. This is where we have to invest, both developing the FCL and LCL activities.

It is also the reason why we have a strong interest in acquiring CMA CGM Logistics Freight Forwarding, as CMA CGM Logistics Freight Forwarding is a great complement, in terms of ocean to what we have today. So, it's the reason why here, you see the percentage from ocean will be moving up from 14% to 19%.

In the long run, I would say contract logistics will definitely stay a very strong business line, and all the rest will grow in parallel. The target is to achieve over $9 billion revenues in 2021, including the CMA CGM Logistics Freight Forwarding acquisition.

Slides 10 & 11

We've good a good balance between the different regions in the world. But we need to improve our sector coverage, I mean the different verticals on which we operate.

We will obviously continue to develop automotive, in which we currently are number one in the world in logistics for inbound and aftermarket. But in parallel, we are significantly developing consumer retail and e-commerce. And we are experiencing a very strong momentum in e-commerce, industrial aerospace, pharma and life sciences.

As we explained in the past, CEVA has got a strong strategic platform, but developing our partnership with CMA CGM, will improve it more and quicker.

Likewise, we also have one of the best balances of the market between FM and CL. This point is critical in terms of working capital profiles, as CL is very different from air and ocean. We try to protect this good balance as much as possible, and as a consequence, maintain a negative net working capital overall.

Next point is our ability to compete against the big players, due to our geographical coverage and our balanced portfolio.

Slide 12

We won these contracts a few months back against the top three players and we didn't compete with medium sized players. We did not win on pricing but rather on solution design, project management, IT, and quality of managers.

Slide 14

What will this partnership between CMA CGM and CEVA bring? First, accelerate the top line. We identified 700 accounts from CMA that we can develop within CEVA Logistics. We have already reached out to 50 of them and we have some ongoing discussions with others. Honestly, the more we grow together, the more we have passion for this project. So, we contacted some of the CMA CGM customers to sell end to end supply chain, and we have some very promising projects.

We've got some wins already, despite the fact we have started just a few months ago. Conversely, we introduced CMA CGM to CEVA customers in order to develop ocean offers, and it's going very well. In addition, CMA has a very strong customer base in consumer retail, which is definitely, for us, very critical.

CMA CGM also have a strong reefer business, which we need if we want to develop scale in ocean. Developing fruit and vegetables freight forwarding in ocean and air is one of our ambitions.

Second point is continue to focus on price increases and improve contract profitability.

Finally, making sure we have the right organisational structure. As you know, we have a matrix organisation, which we now need to adapt. Our matrix organisation is currently headed by two COOs, freight management and contract logistics. We are creating a third role, COO for ground transport. The other adaptation is, we are moving from 17 geographic clusters to 10 clusters, as of 1st January 2019. Why do we want to achieve that? Because we want to get stricter execution of priorities decided at central level and find a better balance between centralisation and decentralisation.

Moving on to IT. IT is always an important topic for us, because the key driver to logistics is people and IT. We already invested a lot. As you know, we moved from 17 data centres to five, and we are close to getting to two next year. We put in place a WMS strategy, warehouse management strategy in CL. We implemented fully the FMS (Freight Management System) for air and ocean. And now we are doing some adaptations to increase productivity and standardisation. So, we are definitely on track, but in terms of digitisation, automation, standardisation, we still have a lot of work to be done. On this, CMA CGM did a lot of investment, and they have a lot of capabilities that we will be able to leverage.

Last point, but not least, we will implement share service centres. Starting from scratch, for the back office functions in air, ocean, ground, and in some part, for finance, HR, etc. CMA did it that years ago. They have 6,000 people working in different resource centres in the world. So, what are we doing now? We created a common team to accelerate implementation of these centres for air and ocean first, and then ground. CMA will help us to deliver much more value and much quicker.

Finally, we are developing products together. For example, fast vessels from Shanghai to LA, in 11 days. That means we can convert customers to switching from air to ocean using these vessels. The price from China to US West Coast, is more or less $4,000 or $5,000 per TEU. The same tonnes in air is, more or less, $50,000, three or four days more. So, it's one product.

Another one, is rail, which is part of CMA CGM Logistics. Rail from China to Europe, combining our volumes will make us become number two in this market.

MS

Slide 15 Quickly, to complement what Xavier said, in terms of what we believe we could bring to CEVA. It's important to understand that we don't need CEVA to fill our vessels. And CEVA does not need us as a carrier.

So, we are not in a logic of integration between CEVA and CMA, in terms of developing a freight forwarding business. Our approach is different. It's an

approach of bringing strengths to CEVA, and conversely, being in a position for us to refer to our customers an integrated solution with contract logistics, warehousing, and using our assets.

You increasingly need to have the assets, the platform and the people to, effectively provide value added services to our customer. So, on this slide, you have a number of items, some of them Xavier has already touched upon.

In terms of commercial footprint, what I would say is that we have a strong commercial organisation, and the good thing is, we are not necessarily strong in the same verticals. CEVA is very strong on automotive. We are very well-positioned in retail, in e-commerce, in the cold chain, i.e. reefers.

So, we see a lot of complementarities here. Similarly, in terms of geographies. We are very strong in countries where, so far, CEVA is not, as yet, very strong. So, we believe we can have them develop there. In terms of support functions, Xavier has already mentioned that we have a very strong organisation in terms of shared service centres, and we are going to allow CEVA to benefit from this on a cost plus basis, basically.

In terms of turnaround expertise, Nicolas has already mentioned that. I would just say that one of the characteristics of CMA's management style is speed. We bring speed in execution to everything we do, and we believe that will also help CEVA in terms of delivering on its plan.

Finally we have invested heavily in IT, in digital tools, on website for a customer to directly order our products. And obviously, the plan is to help CEVA develop notably through investments and leverage our own platform.

XU

Slides 16

Here, is a summary of what we said before. Acceleration of the transformation through cross selling, adapted matrix organisation. Of course, the consequence is EBITDA improvement, net profit after tax improvement, and free cash flow improvement.

These bricks are the bricks that we used to design the business plan. That means behind that, we have plenty of supporting spreadsheets, and detailed analysis regarding the key levers, in order to achieve 470 to 490 million, including the acquisition of CMA CGM Logistics, which will help us to increase our buying power. CMA CGM Logistics Freight Forwarding, which will bring 450,000 TEUs of which, 170,000 TEUs NVOCC, plus, more or less, 20,000 tonnes in Air. As you know when we did the IPO, we mentioned that our target was to achieve one million TEUs. So, including the CMA CGM Logistics volumes, we are very close to this target.

Leveraging the CMA CGM platform, share service centres, IT, digitisation, automation, etc., definitely is part of the project.

SC

Slide 17 On the left hand side of the chart, you have what had been mentioned at the IPO meetings. It had been mentioned that the target was to increase medium term, I would say, 2021, the adjusted EBITDA by $100 million.

The new target relating to three items, the CMA CGM Logistics acquisition, the synergies with CMA CGM Logistics between CEVA and CMA CGM Logistics, and then the synergies between CEVA and CMA CGM as a whole with a 2023 horizon, would deliver about additional 160 million.

In terms of key levers, basically, these 160 million, include 80 million, which relate to CEVA accelerated evolution. We will see that later on. There is a brick here, which is comprised of two parts, which is simply the EBITDA contribution from CMA CGM Logistics, which we estimate 20 million in 2021. Currently, it's around 16 million. And then there is the synergies delivered between CMA CGM Logistics and CEVA will also generate synergies. We have considered a sum of 30 million, which is probably on the very low side. Xavier.

XU

Slide 18 Here is the first one, A, what you saw in the triangle before. So, cross selling, I mentioned that we had identified, already, 700 target accounts. We are working on 50 already. We are, day after day, improving this pipeline between CMA CGM and CEVA Logistics for both sides.

In terms of new products, we have the various examples I already mentioned like fast Trans Pacific vessels, rail and truck transport from China to Europe, etc. Then, cross selling: e-commerce, advanced hubs, access to the reefer market, so fruit and vegetables, healthcare and so on.

Slide 19 Matrix organisation means rebalancing the control from the central level versus the local level with one additional COO plus moving from 17 clusters down to ten clusters in the world. And of course, Nicolas will join us on the 7th January as the group COO and deputy CEO in CEVA Logistics. Serge?

SC

Slide 20 What Xavier has just described, in terms of commercial focus will have a positive impact. But on top of this, there will be what was already in the IPO presentation, which is an improvement of operational KPIs for CEVA, practically on a standalone basis.

Today CEVA, in terms of KPIs, such as files per operator, is rather on the low side. We're targeting to move from 88 files per operator in air freight a month to above 100. And similarly, on ocean freight, we're targeting to move from 56 currently to above 65. These targets here only put us in a better situation, but certainly not at the level where our best peers are.

So, we still have room for improvement, but it also means that these targets are considered as extremely reasonable. This is on the freight management side. On

the contract logistic side, we are focusing on getting rid of all low margin contracts, and focusing on high margin contracts.

This seems extremely obvious, but you know that the contract length in contract logistics can be five years, nine years, ten years, so these are long-term changes, which are being considered here. So, all in all, the initiative would present an incremental 80 million. This is 80 million, based also on an increase of top line. Xavier, a little word on CMA CGM Logistics?

XU

Slide 21 I think most of the key information is in here. 180,000 TEUs, 170,000 NVOCC control, 20 tonnes of Air, $630 million revenues, $16 million EBITDA. We identified a lot of synergies. We disclosed that we will pay a price, debt free, cash free, of $105 million, which is definitely a fair price, regarding the synergies that we will deliver on top of the EBITDA. A nice customer base, we can leverage, with very few overlaps. Asset light business model, such as we have in CEVA Logistics. And the right complement in some parts of the world, such as India, for example, some parts of Africa, and China. So, a great fit.

SC

Slide 22 This is describing a little bit more what CMA CGM Logistics and CEVA combination will bring. First, you have the 20 million incremental EBTIDA from CMA CGM Logistics. Then you have the 30 million synergies. The two items will represent something like 50 million.

Slide 23 At the later stage, or in parallel, what would the CEVA and CMA CGM would bring? Basically, it's here on the back office mutualisation, there will be, overall, we estimate 30 million, out of which, 55% would be on back office mutualisation, and 45% on joint procurement.

Both companies are pretty heavy in buying rail, truck services, barges, especially in the United States. So, here, there will be combinations. Considering the sheer size of the two companies, CMA CGM 20 billion, CEVA, seven billion, the 30 million synergies between the two companies is really low scale, and we think there's going to be no problem to deliver this.

Slide 24 As a whole, you see, though, this slide is a recap of what has just been said. So, you have a brick consisting of the 80 million, the 20 million, and the 30 million, which can be summarised, in fact. So, you have 130 million here, and this can be summarised, in other words, by saying freight management is going to improve. The margin is going to improve by about 170 bps, this is what it means.

And on the contract logistics, we anticipate the improvement to be about 90 bps. In other words, this 90 bps times the turnover of contract logistics plus the 170 bps standard, the turnover of freight management, is 130 million. And on top of that, we have the synergies from CMA CGM.

MS

Slides 26 and 27

Turning to the transaction. Here, you have, on the top, the current structure. We own 33% of CEVA, floating is 67%, and we own 100% of CMA CGM Logistics. So, we are going to sell this to CEVA and get cash for that. So, post transaction, given the PTO at the same time, we expect to be the majority shareholder of CEVA.

But we also trying to make sure that there will be a sufficient minority shareholding to grant liquidity to minority investors. Why do we want to do that? Basically, we are in a very growing business; shipping, but very capital intensive.

And what we have in mind for CEVA, in terms of developing synergies and value creation, does not require us to have 100% of CEVA. So, in our mind, to get significant minority shareholders, 30%, 35%, 40%, is a way to avoid over allocating capital to CEVA to the detriment of our needs, developing our shipping business.

In terms of governance, obviously, CEVA would be listed, would be following all the usual standards. And I would also say that we expect CEVA to confirm its own financial guidelines going forward. So, we are not going to change the leverage of CEVA, we are not going to change the dividend policy of CEVA.

Basically, we will keep CEVA as a self-standing company, developing itself for its own cash flows. Shareholders have a choice either to tender or not. We hope they won't tender all of them. We expect a significant portion of shareholders to be interested in this value creation. In terms of timetable, pre-announcement of the offer was on Monday.

The prospectus for the offer will be issued some time mid-January, beginning of the offer end January, end of the offer, end February. But effectively, the closing would require antitrust approvals. We don't have any issue with antitrust, but we still need to do that, and we expect this to be done by the beginning of April, and that will be the closing of this transaction.

XU

Slide 29 Quick summary. So, CEVA, definitely, with the support of CMA, will have a stronger strategic platform for the coming years. We already have a good platform, but we will be reinforcing significantly with the acquisition of CMA CGM Logistics. But also, with the support of CMA CGM.

The next point is accelerate the transformation of the company, leveraging what CMA CGM did the last years. And accelerating the implementation of these new processes and concepts in CEVA Logistics. The next point is acquisition of CMA CGM Logistics where we expect to have signed by mid-December.

And the last point, but not the least, synergies, which are based on using the buying power from both parties to get better rates on non-strategic products.

In total, 80 million, 20 million EBITDA from CMA CGM Logistics, 30 million synergies combining CEVA and CMA CGM Logistics, and 30 million buying power

on non-strategic products to back office function, HR finance, etc. So, as a summary, moving from $280 million 2017 EBITDA to $470-490 million versus $380 million IPO guidance. So, $200 million improvement. Thank you.

QA 1 *Can I start with one or two fairly simple questions: of the $200 million EBITDA uplift between 17 and 21, I know you went through it in different ways, how much of that is really going to be revenue and how much of that is the cost? If you could cut it broadly that way. And then the second question is; of the 480,000 TEU inside CMA CGM Logistics, how much of that goes on to a CMA CGM ships?*

SC On the first question, if we're focusing on the incremental 100 million, which is mentioned on slide 17, basically, you have the 20 million, which is CMA CGM Logistics EBITDA. So, it's an addition of EBITDA. You have 30 million, which is the synergies with CMA CGM Logistics and CEVA. So, this is cost. And then you have got 30 million, which are synergies between CMA CGM and CEVA.

And then you could say that the increase of the top line is the remainder, so the 20 million by 2021 and 60 by 2023. The top line growth, which had been mentioned in the IPO, was a 4% top line growth over the period, which, in the logistics environment, is rather moderate.

XU On the NVOCC part, 170,000 TUs, 70,000 TUs are going to CMA, but 100,000 TEUs are going outside. And on the 480,000 in total, so the 300 or so on top, the major part is going outside CMA.

QA 2 *A question on the 30 million synergies between CEVA and CMA. Why have you purely allocated them to CEVA? Some synergies must be extracted also on the CMA CGM side?*

SC We're considering this 30 million is the CEVA part. Just what Xavier mentioned about the fact we had not considered, for instance, anything relating to CMA is an indication that there probably are going to be more synergies for CMA CGM, themselves.

XU We did not build a very aggressive business plan: only what we can do with a very strong level of certainty.

QA 3 *I have a second question. In the presentation, you show 40 million costs over three years for the integration and restructuring, or whatever you are calling it, plus you mention, at one point, 150 million additional capex. So, that's 190. And my question is; how is that affecting your free cash flow generation over the next three years, and is that de-leveraging and so on? Maybe you can comment a little bit on the investment and the balance sheet aspect of this.*

SC This is in a context where we're just out from the IPO, so the full effect of the IPO, especially in terms of debt repayment, has not been seen yet visible in the Q3 results. We are taking out about 100 million interest expense on a full year basis, relating to the debt reduction by $1.1 billion.

The 150 million IT capex has been spread over the business plan, as well as the 40 million costs, which we had indicated. And we're still maintaining our guidance for deleveraging over the medium term.

QA 4 *When it comes to your transport management system, could you elaborate a little bit about the difference to the solutions that your peers are offering? There's a lot of talk about IT strategy, and capability can fully automate your processes. And on the back of that, just tell me where you stand on your TMS at this point.*

XU So, first of all, we have two freight management systems. One for air and ocean, the name is OFS-One Freight Solution and one for Ground, TMS- Transport Management System. So, OFS has been fully implemented everywhere in the world in August 2016. So, we have one solution for the world. And it's a solution that we would also use for CMA CGM Logistics, when we will integrate it. The second one is the TMS for ground transport which is also fully interfaced with OFS, in order to cover the last mile. So, this one, we started the implementation during the summer in the US. We are still doing some upgrades on it, so the last version will be finalised for the end of June 2019. So, we started the implementation of the first version, and after that, we'll roll it out everywhere in the world.

On top of that, we have shared service centres, that I mentioned before, which will enable outsourcing file-handling to low labour cost countries. So, we will keep local the customer service part, and the rest will move to shared service centres.

This help achieve the figures that Serge mentioned before, in terms of productivity, which are still lower than our peers.

QA 5 *You said 35% to 40% free float… but if you end up with getting 80% or 90% of CEVA in the tender offer, what happens?*

MS Obviously, we will have to look at ways to enhance liquidity of CEVA, either immediately or after a few months, so that there is some track record of profitability. Our intention is, effectively, to put in place means to do that. So, re-marketing, basically. Re-marketing of CEVA.

QA 6 *Just to clarify that point. You were saying that if you end up with more than 70% of the equity, then you will actually sell that into the market.*

MS I did not give a precise number. If we feel that there is not enough liquidity for the company to be effectively listed properly, obviously, we'll take actions to try to help CEVA to do that.

QA 7 *How about squeezing out the company shares?*

MS It's not our target today, as I said. For us, it will be an over allocation of capital.

QA 8 *And then another question, because I don't know enough about that and CMA, but is the Short Sea Canada business included in CMA CGM Logistics?*

MS We did not mention that when we discussed synergies, but you could actually use that in the example given by Xavier, in terms of advanced hub in Europe. We have

a very strong short sea business in Europe. And by and large, the short sea business is very similar to our logistics business, effectively. So, here, we see, also, very strong commercial synergies.

QA 9 *But it's not included in the scope of CMA CGM Logistics?*

MS No. It's not. It's in CMA CGM, I'm sorry, it's in CMA CGM, not in CMA CGM Logistics.

QA 10 *So, it won't be transferred?*

MS No, it won't.

QA 11 *Maybe coming back on to the point about the 150 million capex, is that new information?*

SC That's new information. We think … this is part of acceleration. We have to deliver on IT, so we want to focus on IT in the next few years. So, another 50 million capex is needed.

QA 12 *I'm just thinking about, certainly, at the mid-term, you get to de-lever, but that's unlikely to be the case for the next couple of years, if you're increasing capex.*

XU We did the business plan with 150 million on a three-year basis, but we may not use all of the 50 million additional. At IPO time, we guided for a capex between 100 million and 110 million on average. So, now we have 150 on a three-year basis additionally. But if we need less we'll use less. So, it's more a real protection than a real need that we have. Also, for the acquisition of CMA CGM Logistics, we will have a medium-term payment arrangement.

QA 13 *You alluded to a medium term payment solution? Can you expand a little bit more on that?*

SC The payment of the 105 would be in two stages, should be in two stages.

QA 14 *But all stages will take place in 2019?*

MS No. One will be in 2020.

QA 15 *One last one from my side. In terms of timing on restructuring costs on the one side and in terms of synergies on the other, are the restructuring costs more front loaded? I.e., saying that the majority of that will be seen in 2019. All the synergies will be rather spread over the next three years?*

SC Yes. But whatever restructuring costs you have front loaded, it comes with some synergies.

QA 16 *Can I ask an appendix-related question? You have indicated you're no longer going to report adjusted EBITDA. That was something that you focused on quite strongly at the IPO. Can you just explain why you're, effectively, de-emphasising the contribution of your JV?*

SC I would like, personally, to be more focused on EBITDA going forward more than on adjusted EBITDA.

And then you have the Anji CEVA business, which has a strong relation to CEVA. But the way of reporting the adjusted EBITDA is an addition of a share of EBITDA of another entity, which is not reflected in published accounts at the end of the day. But the calculation will still be available and this is why, on page 17, we have shown both targets.

XU We will also do as much as we can to reduce specific items: clearly there were specific items, such as the cost of refinancing, IPO, But other costs are not quite specific items.

QA 17 *But just one final point on that, is the net debt still on the adjusted EBITDA, net debt to adjusted EBITDA? Do bankers still look at those, are will that change as well?*

SC We'll change anyway, and net debt will change, because of IFRS16. So, generally speaking, I really want to be better aligned with simple IFRS practice.

QA 18 *What about EBITDA? Because I thought that the banks looked at it on an adjusted EBITDA to net debt basis. Is that still the case?*

SC This, we will maintain the two sets of data for a while.

QA 19 *One follow up, if I may. When you were talking about reporting strategies, also, was the idea about EBIT numbers part of the discussion?*

SC As Xavier has implied, there's a lot to be done, in terms of reporting. So, for the moment, we will focus on non-adjusted EBITDA. Of course, EBIT will be part of the landscape as well.

QA 20 *I'm still a bit puzzled when you say that CC Log is adding 20 million in EBITDA.*

SC In 2021 e.

QA 21 *In 2021. And that you can extract 30 million of synergies would imply that CC Log is highly inefficient today, and actually needs CEVA, or the CEVA machine, to extract much more.*

MS Which, partly, is true. We don't have the critical size at CC Log to be sufficiently profitable, that's for sure. And it was actually an issue for CEVA, as well, in terms of size. So, both were going to benefit from this size effect. All I can say is this 30 million, as mentioned by Xavier, has been challenged, discussed, validated with two different consultancy firms. Actually, they get to higher numbers, but we were conservative.

QA 22 *If you were a competitor of yours, wouldn't you go to CEVA clients and say, look, they are no longer independent. They don't give you the best service anymore. Come and trial with us. Isn't that a risk for the transition period, in particular?*

MS That's why we don't want to have 100% of CEVA. We really want to keep them as a separate identity, as minority shareholders, specifically on freight forwarding.

QA 23 *Isn't it obvious that management are coming in from CMA, then taking a lot of influence on CEVA?*

MS It's not CMA's influence. Those are two individuals, and I doubt very much we intend to discuss freight rates on a given trade for a given customer. It's really important for CEVA and for us to keep the freight forwarding business at arms' length with us. It doesn't make any sense to do otherwise. So, we'll be extremely careful.

QA 24 *Not quite a follow-up, but in a similar vein. You said there's very limited overlap in terms of the customer base. But in the planning, are there any pockets of overlap where you're expecting to have customer losses of any sort? Is there any customer attrition built into the model?*

XU Yes. We planned it. When we are adding the integration of CC Log, we think that we may lose some customers. And we planned a percentage of customer losses. We have also been aggressive in this respect.

XU Any more questions?

QA 25 *I guess you're negotiating your contracts into next year already, if not already mostly finished. I was wondering, are you able to pass through most costs that you're seeing in the industry to customers? What is the customer reaction?*

XU Definitely, we are considering a full pass through regarding the bunker surcharge for ocean freight. We do the same for air freight now. So, we do as much as possible for the pass through, and we prefer not to bid with some customers, if we cannot get the right rates. And contract logistics, same story. We go for a systematic pass through.

Thank you for your time, and see you next year.